



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
CHILDREN'S ADMINISTRATION
1115 Washington St. SE OB2 • PO Box 45040 • Olympia WA 98504-5040

September 30, 2010

Dear Community Partners and Child Welfare Colleagues:

I am writing to you about the 6.287% across-the-board supplemental budget reductions the Children's Administration will implement to help bring the state budget in balance for this fiscal year.

Recent decreases in the state General Fund revenue forecast have resulted in the Governor issuing Executive Order 10-04, which requires across-the-board reductions, effective October 1, 2010, in spending authority for all agencies with General Fund-State (GF-S) appropriations.

The State Fiscal Year 2011 GF-S appropriation for the Children's Administration is \$306,947,000, which requires that the Children's Administration to realize a \$19,298,000 GF-State reduction. You can view the entire Department's budget reductions on the DSHS [Budget page](#) on the Internet.

Further guidance issued by the Office of Financial Management requires that all GF-S Proviso funding be subject to a 6.287% reduction. The Children's Administration has \$66,165,000 in proviso funding, which resulted in a reduction of \$4,100,000.

The following programs are subject to the 6.287% GF-State Proviso reduction:

- Behavioral Rehabilitative Services
- Educational Advocacy Services
- Facility Based Pediatric Interim Care Facility
- Spokane County Continuum of Care
- Foster Parent Recruitment
- Intensive Foster Care Assessment and Comprehensive Assessment Programs
- Non-Facility Based Pediatric Care
- Secure Crisis Residential Care Center
- Preventive Service Block Grant (Family Preservation Services, Intensive Family Preservation Services,
- Racial Disproportionality
- Fostering Connections
- Supervised Visits
- Street Youth
- Reunification Pilot
- HUB Model Homes
- Children's Advocacy Centers
- Sentencing Alternatives
- Medicaid Treatment Child Care

After proviso reductions, the Children's Administration was left to identify an additional \$15,100,000 in GF-State reductions (\$19,298,000 target less \$4,100,000 proviso reductions = \$15,100,000 additional GF-State reduction).

In making decisions on additional budget reductions, the Children's Administration's established the following key parameters to help guide reduction decisions:

- Services to ensure safety of children and families;
- In-home services to keep a child safely at home and prevent out-of-home placement;
- Services that enhance our ability to provide quality wrap-around services ;
- Services for children with open dependency cases; and their parents;
- Efficiencies and savings implemented through reorganization within CA to support Performance-Based Contracting;
- Maximize federal funds.

With these parameters as a guide the following reductions were taken:

- 1) A Children's Administration staff reduction of 9.5 million dollars
 - a. 100 full time employee positions for a total savings of \$5,098,000 (\$2,403,000 GF-State savings)
 - b. Expand temporary layoff to all CA staff previously exempt from temporary layoffs for a total savings of \$3,198,000 (\$1,614,000 GF-State savings)
 - c. An additional two temporary lay-off days for all CA staff for a total savings of \$1,279,000 (\$647,000 GF-State savings)
- 2) Elimination of Voluntary Placement Agreements
 - a. A total savings of \$2,000,000 (\$1,200,000 GF-State savings)
- 3) A 60 percent reduction to the Child Placing Agency Fee
 - a. A total savings of \$3,765,000 (\$3,167,000 GF-State savings).

The case management fee paid to child placing agencies was reduced by 60%. This reduction was necessary for CA to realize its general fund state reduction target. CA will continue to pay for the borrowed bed fee, and the foster care maintenance payment for the child. The case management fee as currently defined in this program however, is being reset. Through performance based contracts we will pay for services provided to children placed in foster homes licensed by private agencies, through a case rate. We will discontinue paying a separate case management fee.

Child Placing Agencies will receive notice of meeting times in the next week to discuss how to move forward with this reduction.

We eliminated the use of voluntary placement of children in out of home care effective December 1, 2010. Historically, in any given month, 1600 children in out of home care are on a voluntary placement agreement. Instead of seeking voluntary placement agreements with parents, and thus not qualifying for any federal funds; parents and children will receive in-home services when a child can be kept safely in their own home; or, when necessary to ensure child safety, we will seek court jurisdiction for out of home placement.

Children's Administration will achieve savings through changes in permanency by finalizing adoptions for legally-free children, in their home of choice, and awaiting a home study.

All of the budget decisions were difficult given the size of the reductions required and the options available in these unprecedented economic times in our state's history.

You also need to know that these will not be the end of budget reductions that state government and DSHS will face. Our fiscal staff are already working on further reductions that will be required to balance the 2011-13 Biennial Budget to be developed by the Governor and the Legislature this winter.

Thank you for all that you do in serving children and families in the child welfare system. We welcome your comments and questions at StakeholdersFeedback@dshs.wa.gov.

Sincerely,

A handwritten signature in cursive script, appearing to read "Denise Revels Robinson".

Denise Revels Robinson
Assistant Secretary, Children's Administration